GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:427
ANSWERED ON:04.12.2003
INCREASE IN PRICES OF CRUDE OIL
BRAHMANAND MANDAL

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the reasons for the sudden increase in the price of crude oil;

(b) whether the Government have any plans to tackle this situation; and

(c) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SMT.SUMITRAMAHAJAN)

(a) to (c) : With the dismantling of Administered Pricing Mechanism effective 1.4.2002,the prices of indigenous crude oil of ONGC and OIL have become market determined. As per the crude oil supply agreement signed by ONGC and OIL with the public sector oil refining companies, the prices of crude oil of ONGC and OIL are linked to international marker crude oils.Thus, the variations in the international prices of crude oil get reflected in the domestic crude oil prices of ONGC and OIL. International prices of crude oil vary on account of various reasons such as OPEC`s decisions on production quota of its member countries, seasonal demand, disruptions in supplies from producing countries, etc.